

**DRAFT VERSION – MINUTES OF THE INVESTMENT ADVISORY COUNCIL MEETING
WEDNESDAY, SEPTEMBER 14, 2016– SUBJECT TO REVIEW AND APPROVAL
FINAL VERSION OF THESE MINUTES WILL BE POSTED AFTER APPROVAL OF THE INVESTMENT
ADVISORY COUNCIL AT THE NEXT MONTHLY MEETING, WHICH WILL BE HELD ON
WEDNESDAY, OCTOBER 12, 2016**

MEETING NO. 434

Members present:

Thomas Fiore, representing Benjamin Barnes*
Joshua Hall
David (Duke) Himmelreich
Steven Muench
William Murray
Denise L. Nappier, Treasurer
Carol Thomas, Interim Chair

Absentees:

Michael LeClair

Others present:

Lawrence Wilson, Interim Deputy Treasurer
Deborah Spalding, Chief Investment Officer
David Barrett, Director of Communications
Karen Grenon, Assistant General Counsel
Mary Phil Guinan, Assistant Treasurer-Policy
Wayne Hypolite, Executive Assistant
Catherine E. LaMarr, General Counsel
Christina McGinnis, Executive Secretary
Christine Shaw, Chief Compliance Officer
Linda Tudan, Executive Assistant

*Arrival 9:15a.m.

Guests:

Dave Breazzano, DDJ Capital Management, LLC
Charles Byrne, RBC Global Asset Management Inc.
Robert Carr, Penserra
David Crall, Nomura Corporate Research and Asset Management
Kristen DePlatchett, StepStone Group, LP
Gershon Distenfeld, Alliance Bernstein L.P.
Michael Dugan, Nomura Corporate Research and Asset Management
Michael Elio, StepStone Group, LP
Will Greene, Loop Capital Markets
Kim Hekking, Shenkman Capital Management, Inc.
Peter Keliuotis, Cliffwater, LLC
Stephen Kotsen, Nomura Corporate Research and Asset Management
Adam Kurzer, Shenkman Capital Management, Inc.
John O'Connor, DDJ Capital Management, LLC
Justin Rico Oyola, SEIU (Capital Stewardship Program)
Thomas Ryan, Deutsche Bank

Jennifer Ponce de Leon, Columbia Management Investment Advisers LL
Claire Shaugnessy, AonHewitt Investment Consulting
Mark Shenkman, Shenkman Capital Management, Inc.
John Sherman, DDJ Capital Management, LLC
Liz Smith, Alliance Bernstein L.P.
Diane Smola, AonHewitt Investment Consulting
Steven Snyder, Columbia Management Investment Advisers LL
Michael Stark, The Townsend Group
Kevin Sullivan, Bank of New York Mellon
Michael Sweeney, Deutsche Bank
Vincent Wile, Stepstone Group, LP
Charles Youngblood, Nomura Corporate Research and Asset Management

With a quorum present, Interim Chair Carol Thomas called the Investment Advisory Council (“IAC”) meeting to order at 9:03 a.m.

Approval of Minutes of the July 13, 2016 IAC Meeting

Chair Thomas called for a motion to approve the minutes of the July 13, 2016 IAC meeting.

Duke Himmelreich moved to approve the minutes of the July 13, 2016 IAC meeting. The motion was seconded by Joshua Hall. There was one abstention, William Murray. There being no further discussion, the Chair called for the vote. The motion passed unanimously.

Comments by the Treasurer

Treasurer Denise L. Nappier began her opening remarks by welcoming everyone back after the August break from IAC business.

Treasurer Nappier then informed the IAC members of the High Yield Debt Fund (“HYDF”) manager mandate for the Connecticut Retirement Plans and Trust Funds (“CRPTF”) and that the five semi-finalist firms were being presented for consideration by the IAC; Alliance Bernstein L.P. (“Alliance”); Columbia Management Investment Advisers, LL (“Columbia”); DDJ Capital

Management, LLC (“DDJ”); Nomura Corporate Research and Asset Management (“Nomura”); and Shenkman Capital Management, Inc. (“Shenkman”).

Treasurer Nappier commented on the agenda then discussed the investment performance for the two largest pension plans in the CRPTF; the State Employees’ Retirement Fund and the Teachers’ Retirement Fund, for the month ended July 31, 2016.

Lastly, she read a resolution on behalf of the IAC for Peter Thor to be included as part of the meeting minutes. The resolution was unanimously adopted by the IAC.

Update on the Market, the Connecticut Retirement Plans and Trust Funds Final Performance for Month Ended June 30, 2016 and July 31, 2016

Deborah Spalding, Chief Investment Officer (“CIO”), provided an update on the capital market environment, its impact on the CRPTF performance and the economic outlook. Next, she reported on the investment performance for the months ended June 30, 2016 and July 31, 2016.

Next, Claire Shaughnessy, Partner, and Diane Smola, Senior Consultant, of AonHewitt Investment Consulting, reported on the Combined Investment Funds for the quarter ended June 30, 2016 and month ended July 31, 2016 and the Connecticut Horizon Fund for the quarter ended June 30, 2016.

Presentation by and Consideration of the Semi-Finalists for the High Yield Debt Fund Manager Search

Ms. Spalding provided opening remarks and introduced Alliance, Columbia, DDJ, Nomura, and Shenkman for the HYDF investment management services for the CRPTF. Each of the five firms made a presentation to the IAC: Alliance, represented by Gershon Distenfeld, Senior Vice President and Director of High Yield and Liz Smith, Senior Managing Director, Public Funds; Columbia, represented by Jennifer Ponce de Leon, Senior Portfolio Manager, Head of High

Yield Fixed Income and Steven Snyder, Head of US Institutional Distribution; DDJ, represented by Dave Breazzano, President, CIO and Portfolio Manager, John Sherman, Assistant Portfolio Manager and John O'Connor, Senior Vice President, Head of Business Development and Client Service; Nomura, represented by David Crall, CIO and Portfolio Manager, Stephen Kotsen, Managing Director and Portfolio Manager, Michael Dugan, Executive Director and Product Specialist, and Charles Youngblood, Vice President, Institutional Business Development, the Americas; and Shenkman, represented by Mark Shenkman, President and Co-CIO, Kim Hekking, Senior Vice President, Director of Client Services and Adam Kurzer, Executive Vice President, Director of Research.

Roll Call of Reactions of the Semi-Finalists for the High Yield Debt Fund Manager Search

Steven Muench, Mr. Murray, Mr. Himmelreich, Thomas Fiore, Mr. Hall, and Chair Thomas provided feedback on the Semi-Finalists for the HYDF Manager Search.

Alternative Investment Fund Review as of June 30, 2016

Larry Wilson, Interim Deputy Treasurer, introduced the Alternative Investment Fund consultant to the CRPTF, Pete Keliuotis, Senior Managing Director of Cliffwater LLC, who presented the report for the quarter ended June 30, 2016.

Private Investment Fund Review as of March 31, 2016

Mr. Wilson introduced the Private Investment Fund consultant to the CRPTF, Michael Elio, Partner, and Kristen DePlatchett, Principal, of StepStone Group, LP, who presented the report for the quarter ending March 31, 2016.

Real Estate Fund Review as of March 31, 2016

Mr. Wilson introduced the Real Estate Fund consultant to the CRPTF, Michael Stark, Associate of The Townsend Group, who presented the report for the quarter ending March 31, 2016.

Securities Lending Review of June 30, 2016

Michael Sweeney, Vice President and Thomas Ryan, Director, Head of US Trading for Deutsche Bank, provided a review of Securities Lending activity for the quarter ended June 30, 2016 and fiscal year 2016.

Other Business

Chair Thomas invited the IAC members to submit agenda items for the October 12, 2016 IAC meeting.

Comments by the Chair

There being no further business, Chair Thomas called for a motion to adjourn the meeting. **Mr. Himmelreich moved to adjourn the meeting and the motion was seconded by Mr. Murray.** There being no discussion, the meeting was adjourned at 2:15 p.m.

This meeting was electronically recorded.